

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING**

**Call to Order:** By **CHAIRMAN MATT MCCANN**, on January 18, 2001 at 7:30 A.M., in Room 350 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Matt McCann, Chairman (D)  
Sen. Bob Keenan, Vice Chairman (R)  
Sen. Tom A. Beck (R)  
Rep. Dave Kasten (R)  
Sen. Jon Tester (D)  
Rep. Steve Vick (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Jane Hamman, OBPP  
Andrea Hyatt, Committee Secretary  
Brian McCullough, Legislative Branch  
Christi Tyson, OBPP

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: **HOUSE BILL 6 & 8** RENEWABLE  
RESOURCE GRANT & LOAN  
APPLICATIONS;  
**HOUSE BILL 11** - TREASURE STATE  
ENDOWMENT PROGRAM APPLICATIONS

Executive Action:

***{Tape : 1; Side : A; Approx. Time Counter : 8 - 241}***

**John Tubbs, DNRC**, provided an explanation of HB 6 and funding of grants; he provided a handout entitled "Other Budget Highlights Resource Indemnity Trust. **EXHIBIT(jlh14a01)**

**{Tape : 1; Side : A; Approx. Time Counter : 242 - 268}**

**Dave Cole, Community Development Bureau Chief**, Department of Commerce (DOC), provided some background information on the CDBG. He introduced **Gus Byrom**, Manager of the CDBG and **Jim Edgcomb**.

**{Tape : 1; Side : A; Approx. Time Counter : 270 Side: B; 63}**

**Gus Byrom, Program Manager, Community Development Block Grant**, provided a handout entitled Montana Community Development Block Grant (CDBG) Program. **EXHIBIT(jlh14a02)** He explained the funding for the CDBG program, the history and the grants. He responded to questions from the committee members.

**{Tape : 1; Side : B; Approx. Time Counter : 64-295}**

**Jim Edgcomb, DOC-TSEP**, provided an explanation of types of loans and how they work, how to re-apply for TSEP, and provided responses to questions that were brought up during the hearings. He provided two handouts: 1) Summary of Loans and Grants in Montana. **EXHIBIT(jlh14a03)** and 2) Financial Assistance Programs Funding Water, Wastewater and Solid Waste Projects For Montana. **EXHIBIT(jlh14a04)**

**{Tape : 1; Side : B; Approx. Time Counter : 300}**

**{Tape : 2; Side : A; Approx. Time Counter : 0 - 40}**

The committee discussed the presentations and had questions answered. Recommendations were made to the agencies for suggested changes within their programs; ceiling limits, criteria, etc.

#### **EXECUTIVE ACTION ON HB 11**

**{Tape : 2; Side : A; Approx. Time Counter : 42}**

**CHAIRMAN MCCANN** opened the Executive Action on HB 11, TSEP grants. **Brian McCullough** provided a list entitled "Table 2 Treasure State Endowment Program Grant Recommendations 2003 Biennium. **EXHIBIT(jlh14a05)**

**SEN. KEENAN** had questions on TSEP Project No. 18 Town of Browning and TSEP Project No. 21 Blackfeet Tribe. **Jim Edgcomb** and **CHAIRMAN MCCANN** responded.

**{Tape : 2; Side : A; Approx. Time Counter : 135}**

**Motion:** SEN. BECK moved that the list be accepted as is; unless anyone had something more to add. Discussion followed.

**Motion:** CHAIRMAN MCCANN to move the City of Helena TSEP Project No. 29 out of the funding level and replace it with the Yellowstone County TSEP Project No. 33. Discussion followed.

**Amended Motion:** REP. VICK amended CHAIRMAN MCCANN'S Motion that all other projects be moved down one slot. SEN. KEENAN so moved.

*{Tape : 2; Side : A; Approx. Time Counter : 237}*

**Motion/Vote:** SEN. KEENAN moved TO MOVE THE RANKING OF CITY OF HELENA TSEP PROJECT NO. 29 TO 32; MOVE THE RANKING OF YELLOWSTONE COUNTY TSEP PROJECT NO. 33 TO 29; HE WILL ADJUST THE OTHERS ACCORDINGLY. BE ADOPTED AS AMENDED. Motion carried unanimously.

**Motion/Vote:** SEN. KEENAN moved REST OF LIST BE ACCEPTED AS IS. Motion carried unanimously.

**Motion/Vote:** SEN. TESTER moved that HB 11, IN RANKING ORDER WITH THE AMENDMENT OF THE PAST MOTION, HAS BEEN MOVED. BE ADOPTED AS AMENDED. Motion carried unanimously.

The committee discussed upcoming language amendments that will be presented by SEN. TESTER AND REP. KASTEN.

#### EXECUTIVE ACTION ON HB 6

*{Tape : 2; Side : A; Approx. Time Counter : 294}*

SEN. TESTER provided the committee members with a handout of the HB 6 conceptual language change **EXHIBIT(jlh14a06)**; it has not been reviewed by the bill drafters. Discussion followed.

Two items were suggested to change: 1) use "startup conditions" and, 2) clarify deadline as "by the next regular session" rather than biennium.

*{Tape : 2; Side : A; Approx. Time Counter : 360}*

**Motion/Vote:** SEN. TESTER moved to PROVIDE CONCEPTUAL LANGUAGE CHANGE TO HB 6 BE ADOPTED AS AMENDED 1) INCLUDE "STARTUP CONDITIONS" AND 2) CHANGE TO READ "BY THE NEXT REGULAR SESSION". Motion carried unanimously.

**EXECUTIVE ACTION ON HB 11**

REP. KASTEN provided the committee members with a handout for HB 11, **EXHIBIT**(j1h14a07); this will correct the existing dollar amount on Page 5, Line 29 to read the correct amount available.

*{Tape : 2; Side : A; Approx. Time Counter : 381}*

**Motion/Vote:** REP. KASTEN moved to UPDATE PAGE 5, LINE 19 WITH THE CORRECT DOLLAR AMOUNT OF \$2,358,058.00 BE ADOPTED AS AMENDED. Motion carried unanimously.

*{Tape : 2; Side : A; Approx. Time Counter : 386}*

**Motion/Vote:** SEN. BECK moved TO ADOPT HB 11 AS AMENDED BE ADOPTED AS AMENDED. Motion carried unanimously.

Jane Hamman questioned the Chairman, for clarification, that this bill would come back one more time for final review of the language. CHAIRMAN MCCANN responded yes, for only the language.

*{Tape : 2; Side : A; Approx. Time Counter : 408}*

ENDED TAPE HERE SINCE THERE WAS A BREAK AND DIDN'T WANT TO MISS ANY EXECUTIVE ACTION. FAST FORWARD TO END OF TAPE.

DO NOT GO TO TAPE 2 SIDE B ... I DIDN'T RECORD ON THAT SIDE! GO TO TAPE 3 SIDE A. (NOTHING HAS BEEN LOST! I JUST GOOFED!)

**EXECUTIVE ACTION ON HB 6**

*{Tape : 3; Side : A; Approx. Time Counter : 0}*

CHAIRMAN MCCANN reviewed how to proceed in the grant executive action. Brian McCullough provided a handout entitled Table 1 Renewable Resource Grant and Loan Program 2003 Biennium. **EXHIBIT**(j1h14a08)

*{Tape : 3; Side : A; Approx. Time Counter : 14}*

**Motion:** SEN. KEENAN moved to accept the whole list as it stands.

Brian McCullough, LFD, informed the committee that the end of the funding is at Project No. 38 and to keep in mind that there might be more funding coming in to the account.

***{Tape : 3; Side : A; Approx. Time Counter : 36}***

**VOTE:** SEN. VICK voted against that motion. Discussion followed. The committee discussed some of the projects and ranking.

***{Tape : 3; Side : A; Approx. Time Counter : 174}***

**Motion/Vote:** REP. KASTEN moved to MOVE CIRCLE TO THE LIST AS PROJECT NO. 39, AT \$60,000.00. CURRENTLY IT IS NOT ON THE LIST, AND THIS WOULD PUT IT BELOW THE FUNDING LINE. ALL OTHERS ON THE LIST WILL BE MOVED DOWN. Motion carried unanimously.

***{Tape : 3; Side : A; Approx. Time Counter : 190}***

**MOTION WITHDRAWN:** SEN. KEENAN withdrew his motion to accept the whole list as it stands. Discussion followed.

***{Tape : 3; Side : B; Approx. Time Counter : 4}***

**Motion/Vote:** SEN. BECK moved TO MOVE STILLWATER COUNTY COMMISSIONERS PROJECT NO. 41 TO ABOVE CITY OF MISSOULA-RATTLESNAKE STREAM ETC. TO PROJECT NO. 40 AND ALL OTHERS MOVE DOWN. BE ADOPTED AS AMENDED. Motion carried unanimously.

***{Tape : 3; Side : A; Approx. Time Counter : 21}***

**Motion:** REP. VICK moved THE TSEP PROJECT NO. 10 WHITEFISH COUNTY WATER & SEWER DISTRICT-LIMNOLOGY BE MOVED TO THE END OF THE LIST AS PROJECT NO. 62.

**Discussion:** SEN. TESTER disagrees. SEN. KEENAN added his comments. CHAIRMAN MCCANN discussed the importance of studies and construction. Mr. Tubbs provided information on other funding sources. SEN. KASTEN questioned the impact if the funding was reduced. CHAIRMAN MCCANN questioned REP. VICK if he would consider removing his motion if the CHAIR made the motion to fund all the engineering studies at half of what they requested.

**Withdraw Motion:** REP. VICK suggested that 75% would be acceptable and he would withdraw his motion.

Mr. Tubbs provided input on the impact if the studies did not receive their entire funding. REP. KASTEN stated he would recommend the 75% funding to the studies with the exception of

RRGL Project No. 28 Lower Willow Creek Drainage District and RRGL Project No. 32 Wisdom Sewer District.

**SEN. TESTER** said he felt No. 3 fell in the same category. **SEN. Beck** asked if the Prison Ranch could come up with the rest of the funding. Discussion followed. **John Tubbs** provided further information on the issues and funding; responded to committee questions; reviewed and discussed studies.

*{Tape : 4; Side : A; Approx. Time Counter : 0}*

**CHAIRMAN MCCANN** the Motion is to fund the studies at 75%, engineering and otherwise, with the exception of RRGL Project No. 28 Lower Willow Creek Drainage District and RRGL Project No. 32 Wisdom Sewer District. The Motion is also only pertaining to the projects ranked from 1-38.

**SEN. BECK** said we have added money to this so we will have to go down the ranking a little ways. I would say the same value, remember I moved Stillwater up, I would say that 75% applies to Stillwater too. **CHAIRMAN MCCANN** stated he was confused where they were in the ranking at the moment. **SEN. TESTER** said same point and the one that was ranked No. 43, is it similar to No. 28 or what is the assessment there? (Beaver Creek) Discussion followed.

*{Tape : 4; Side : A; Approx. Time Counter : 18}*

**Motion/Vote:** REP. MCCANN moved TO FUND THE STUDIES AT 75%, ENGINEERING AND OTHERWISE, WITH THE EXCEPTION OF RRGL PROJECT NO. 28 LOWER WILLOW CREEK DRAINAGE DISTRICT AND RRGL PROJECT NO. 32 WISDOM SEWER DISTRICT. THE MOTION IS ALSO ONLY PERTAINING TO THE PROJECTS RANKED FROM 1-38. BE ADOPTED AS AMENDED. Motion carried unanimously.

**Discussion:** The committee has funded Circle & Stillwater through committee action so far. The upcoming amendments were discussed. **SEN. TESTER** pointed out that there might be additional money to fund the projects past the funding line. He would think that they also should be funded at 75% on the studies if the funds become available. He stated his concern about Beaver Creek Dam. **Mr. Tubbs** provided background information.

*{Tape : 4; Side : A; Approx. Time Counter : 68}*

**Amended Motion/Vote:** SEN. TESTER moved that STUDIES PROJECTS BELOW THE FUNDING LINE ALSO BE FUNDED AT 75%. BE ADOPTED AS AMENDED. Motion carried unanimously.

**REP. VICK** mentioned the committee had discussed the Whitefish City Project No. 42 was to be moved down the list.

**CHAIRMAN MCCANN** motion to move the Project No. 42 to the bottom of the list. No discussion. **SEN. KEENAN** opposed.

*{Tape : 4; Side : A; Approx. Time Counter : 93}*

**Motion/Vote:** **REP. MCCANN** moved that **PROJECT NO. 42 BE MOVED TO THE BOTTOM OF THE LIST. BE ADOPTED AS AMENDED.** Motion carried 5-1 with Keenan voting no.

*{Tape : 4; Side : A; Approx. Time Counter : 106}*

**Motion:** **CHAIRMAN MCCANN** presented a motion to move Lockwood Project No. 40 to below the funding line at Project No. 47. He would like to then bring Helena Valley Irrigation District Project No. 44 up to the funding level. The motion would be to swap the Lockwood Project No. 40 with the Helena Valley Irrigation District. **SEN. BECK** questioned.

*{Tape : 4; Side : A; Approx. Time Counter : 120}*

**Motion/Vote:** **REP. MCCANN** moved to **SWAP THE LOCKWOOD PROJECT NO. 40 WITH THE HELENA VALLEY IRRIGATION DISTRICT #44. BE ADOPTED AS AMENDED.** Motion carried unanimously.

*{Tape : 4; Side : A; Approx. Time Counter : 126}*

**SEN BECK** moved the priority list as amended.

**Motion/Vote:** **SEN. BECK** moved **THE PRIORITY LIST AS AMENDED. BE ADOPTED AS AMENDED.** Motion carried unanimously.

**SEN. TESTER** presented a language issue, same as used in HB 11, as we amended it, applies the same here. **EXHIBIT 6 REP. KASTEN** questioned.

**Motion/Vote:** **SEN. TESTER** moved to **ADOPT THE LANGUAGE FOR HB 6 BE THE SAME AS FOR HB 11 (EXHIBIT 6) BE ADOPTED AS AMENDED.** Motion carried unanimously.

**CHAIRMAN MCCANN** entertained a motion to move HB 6. **SEN. BECK** so moved HB 6.

*{Tape : 4; Side : A; Approx. Time Counter : 141}*

**Motion/Vote:** SEN. BECK moved TO MOVE HB 6. BE ADOPTED AS AMENDED. Motion carried unanimously.

**EXECUTIVE ACTION ON HB 8**

**{Tape : 4; Side : A; Approx. Time Counter : 143}**

**CHAIRMAN MCCANN** opened HB 8. **John Tubbs** informed the committee of any effects from TSEP. Discussion followed, questions answered. Two handouts were provided: 1) Notes for Executive Action HB 6 and 8 1-18-01 **EXHIBIT(jlh14a09)** and 2) House Bill 8 Summary **EXHIBIT(jlh14a10)**.

**{Tape : 4; Side : A; Approx. Time Counter : 199}**

**CHAIRMAN MCCANN** questioned about Lower Willow Creek Drainage Dam. **Bob Fischer, DNRC**, referred to Page 3 of **EXHIBIT 9** and provided further background. **John Tubbs** discussed the loan further. **SEN. BECK** stated he believes that we could write a specific for this bill. If they have to borrow less than \$250,000.00 and pay the full 4-1/2% interest, then take them up to \$500,000.00 will go to there and maybe cut that in half at 2-1/4% and then if they have to borrow anything in excess of \$500,000.00 then may be can do the interest rate. This might be an approach to take.

**{Tape : 4; Side : A; Approx. Time Counter : 287}**

**SEN. VICK** questioned incentive to borrow money. **SEN. BECK** suggested that on the first \$250,000.00 they pay the 4.5%; on the next \$250,000.00 they pay 2.25% and zero percent interest anything above that. **John Tubbs** discussed further.

**SEN. TESTER** discussed funds creating a high dollar amount per household. It is something that we need to look at in the future and question that at some point in time how much do we want to spend per person on infrastructure. **Jane Hamman** stated that they need to keep in mind that this is the highest risk of failure dam in the state. **REP. KASTEN** stated that during the hearing it was mentioned that the cost could be higher. **John Tubbs** and **Bob Fischer** discussed the funding and matching funds.

**{Tape : 4; Side : A; Approx. Time Counter : 380}**

**Brian McCulough** repeated the percentages agreed to on the loan. The balance of the funding \$250,000.00 at 4.5%; next \$250,000.00 at 2.25%; should he assume the balance of \$850,000.00 is zero.

**SEN. BECK** so moved the funding as described above.

MCCANN all in favor say aye: unanimous.

**Motion/Vote:** SEN. BECK moved that **THE FIRST \$250,000.00 THEY PAY THE 4.5%; 2.25% ON THE NEXT \$250,000.00; AND ZERO INTEREST ON ANYTHING ABOVE THAT. ADOPTED AS AMENDED. Motion carried unanimously.**

**{Tape : 4; Side : A; Approx. Time Counter : 394}**

SEN. BECK would like the Nevada Creek Dam to cut the interest rate in half to 2.25%. He won't go to zero as requested, because they are getting quite a bit of grant funding for the balance of the project. The reason is that the entire irrigation system below this is native grass and not much return per acre.

SEN. KEENAN asked about the possibility of the same interest package as given the previous loan. CHAIRMAN MCCANN asked SEN. BECK if he would consider that. SEN. BECK responded that if he had his druthers he would take the other loan down to 2.25% for the first \$500,000.00; then he would be consistent with both.

John Tubbs discussed the difference between Willow Creek and Nevada Creek. Nevada Creek is a known project from the study; Willow Creek is a high hazard dam with leak in it and an unknown.

SEN. BECK believes that once in session again in two years that the committee will be looking at this again. And with Willow Creek, below the dam there is alfalfa being raised rather than native grass which is a higher cash crop.

SEN VICK questioned when we reduce the interest rate on the loans who makes up the difference. John Tubbs responded; does not impact the general funds.

SEN. KEENAN what is overall return on HB 8, approximately. John Tubbs responded.

**{Tape : 4; Side : B; Approx. Time Counter : 0}**

CHAIRMAN MCCANN asked that the coal tax be explained. John Tubbs responded. CHAIRMAN MCCANN the motion is to fund Nevada Creek at 2.25%. CHAIRMAN MCCANN questioned Mr. Tubbs if they are prepared to defend the differences in the loan interest rates. Mr. Tubbs responded.

**{Tape : 4; Side : B; Approx. Time Counter : 25}**

**Motion/Vote:** REP. MCCANN moved that NEVADA CREEK BE FUNDED WITH A 2.25% INTEREST RATE BE ADOPTED AS AMENDED. Motion carried unanimously.

*{Tape : 4; Side : B; Approx. Time Counter : 41}*

Bob Fischer questioned clarification on the Willow Creek and Lockwood loans. John Tubbs responded. He also stated that there might be more funding coming in and the committee can then go back and open HB6 to make amendments.

*{Tape : 4; Side : B; Approx. Time Counter : 72}*

CHAIRMAN MCCANN wanted to be clear that the Lockwood Project would be going forward irregardless whether they get the \$100,000.00; in fact they would get a better deal if they get a reduced rate of interest than the grant. It would be in the best interest of the committee to only address Lockwood and open HB 6 after we are done with HB 8; if everyone is comfortable with that so it is not missed. John Tubbs discussed the Lockwood interest rate: a reduced interest rate for first 5 years at 2% below bond; 4% for 5 years and 6% remaining.

*{Tape : 4; Side : B; Approx. Time Counter : 91}*

Brian McCullough discussed the correct dollar amount needs to be placed in HB 8 that indicates the correct total.

*{Tape : 4; Side : B; Approx. Time Counter : 101}*

**Motion:** SEN. BECK motioned to amend HB 8 to make sure that the figures balance in the bill.

**Motion/Vote:** SEN. BECK moved to AMEND HB 8 TO REFLECT THE CORRECT TOTAL DOLLAR AMOUNT SO THAT THE FIGURES BALANCE BE ADOPTED AS AMENDED. Motion carried unanimously.

CHAIRMAN MCCANN asked that before they close this bill that John Tubbs discuss the re-authorization of loans. Mr. Tubbs explained. Mr. Tubbs and Bob Fischer discussed the status of Malta.

*{Tape : 4; Side : B; Approx. Time Counter : 121}*

CHAIRMAN MCCANN questioned the status of the Malta Irrigation District. Bob Fischer and John Tubbs responded.

*{Tape : 4; Side : B; Approx. Time Counter : 153}*

**Motion/Vote:** REP. MCCANN moved that THE MALTA IRRIGATION DISTRICT FOLLOW THE SAME FINANCING PACKAGE AS LOWER WILLOW CREEK DRAINAGE. BE ADOPTED AS AMENDED. Motion carried unanimously.

*{Tape : 4; Side : B; Approx. Time Counter : 165}*

**Motion/Vote:** REP. VICK moved TO CLOSE HB 8 AS AMENDED BE ADOPTED. Motion carried unanimously.

*{Tape : 4; Side : B; Approx. Time Counter : 167}*

**Motion/Vote:** SEN. TESTER moved TO OPEN HB 6 TO ADDRESS THE LOCKWOOD PROJECT BE ADOPTED. Motion carried unanimously.

*{Tape : 4; Side : B; Approx. Time Counter : 170}*

**Motion:** CHAIRMAN MCCANN will entertain a motion to move Lockwood from number 44 to number 57. SEN. BECK so moved.

**Discussion:** REP. VICK asked why not at end of the list. REP. KASTEN would like to move number 46. Substitute motion to move to bottom of the list. All in favor say aye: unanimous. Any additional motions?

**Substitute Motion/Vote:** SEN. BECK made a substitute motion to MOVE LOCKWOOD TO THE BOTTOM OF THE LIST FROM NO. 44 BE ADOPTED AS AMENDED. Substitute motion carried unanimously.

*{Tape : 4; Side : B; Approx. Time Counter : 185-193}*

CHAIRMAN MCCANN entertained a motion to close HB 6 for today. Beck moved. All in favor say aye: unanimous

**Motion/Vote:** SEN. BECK moved TO CLOSE HB 6 AS AMENDED BE ADOPTED AS AMENDED. Motion carried unanimously.

The committee discussed the site visit to Bozeman for the following day.

**ADJOURNMENT**

Adjournment: 11:38 A.M.

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REP. MATT MCCANN, Chairman

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ANDREA HYATT, Secretary

MM/AH

HB 6 - 3 Exhibits (#6, #8, #9)

HB 8 - 2 Exhibits (#9, #10)

HB 11 - 2 Exhibits (#5, #7)

General - 4 Exhibits (#1, #2, #3, #4)

**EXHIBIT** (jlh14aad)